

AMENDED IN SENATE JANUARY 6, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 471**

**Introduced by Assembly Member Members Atkins, Dickinson,  
Perea, and Ting**

*(Coauthors: Senators Mitchell, Torres, and Wolk)*

February 19, 2013

---

~~An act to amend Section 14593 of the Welfare and Institutions Code, relating to Medi-Cal. An act to amend Section 53395.4 of the Government Code, and to amend Sections 34163, 34171, 34177, 34180, 34183, 34191.4, and 34191.5 of the Health and Safety Code, relating to local government, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 471, as amended, Atkins. ~~Medi-Cal: Program of All-Inclusive Care for the Elderly. Local government: redevelopment: successor agencies to redevelopment agencies.~~

*(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.*

*This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area, as specified.*

(2) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency to amend an existing contract or agreement related to long-term enforceable obligations, or enter into a new contract or agreement in furtherance of an existing contract or agreement, for the purpose of administering projects in connection with long-term enforceable obligations, if the existing contract or agreement has been approved by the Department of Finance as an enforceable obligation on a Recognized Obligation Payment Schedule, and the existing contract or agreement has received a final and conclusive determination. The bill would prohibit any amendment of an existing contract or agreement, or any new contract or agreement, from committing any new funding from any source beyond the funding that was previously authorized in the existing contract or agreement. The bill would also prohibit the amendment of an existing contract or agreement, or any new contract or agreement, from otherwise adversely affecting the flow of property tax revenues, or payments made to taxing entities, as specified.

(3) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the

*successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.*

*(4) Existing law requires that specified actions of a successor agency be first approved by its oversight board, including, among others, the establishment of a Recognized Obligation Payment Schedule.*

*This bill would require a successor agency to notify the board 10 days prior to entering into a contract or agreement for the use or disposition of specified properties. The bill would authorize the board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.*

*(5) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.*

*This bill would require that, on January 2, 2014, and twice yearly thereafter until June 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of a local housing authority that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define "housing entity administrative cost allowance" for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012–13 base year the amounts distributed to taxing entities pursuant*

to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(6) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a 5-year implementation plan.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing federal law establishes the Program of All-Inclusive Care for the Elderly (PACE), which provides specified services for older individuals so that they may continue living in the community. Federal law authorizes states to implement the PACE program as a Medicaid state option.~~

~~Existing state law establishes the California Program for All-Inclusive Care for the Elderly and establishes PACE program services as a covered benefit of the Medi-Cal program. Existing law authorizes the department to enter into contracts with up to 15 PACE organizations, as defined, to implement the PACE program, as specified.~~

~~This bill would delete the provision that limits the number of contracts with PACE organizations to 15.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 53395.4 of the Government Code is*  
2 *amended to read:*

3     53395.4. (a) ~~A district may not include any portion of a~~  
4 ~~redevelopment project area which is or has been previously created~~  
5 ~~pursuant to Part 1 (commencing with Section 33000) of Division~~  
6 ~~24 of the Health and Safety Code, whether the creation is or was~~  
7 ~~proper or improper. A redevelopment project area may not include~~  
8 ~~any portion of a district created pursuant to this chapter.~~

9     ~~(b) A district may finance only the facilities or services~~  
10 ~~authorized in this chapter to the extent that the facilities or services~~  
11 ~~are in addition to those provided in the territory of the district~~  
12 ~~before the district was created. The additional facilities or services~~  
13 ~~may not supplant facilities or services already available within that~~  
14 ~~territory when the district was created but may supplement those~~  
15 ~~facilities and services as needed to serve new developments.~~

16     ~~(e)~~  
17     (b) A district may include areas ~~which~~ *that* are not contiguous.  
18     (c) *A district may finance a project or portion of a project that*  
19 *is located in, or overlaps with, a redevelopment project area or*  
20 *former redevelopment project area. The successor agency to the*  
21 *former redevelopment agency shall receive a certificate of*  
22 *completion, as defined in Section 34179.7 of the Health and Safety*  
23 *Code, prior to the district financing any project or portion of a*  
24 *project under this subdivision.*

25     (d) *Notwithstanding subdivision (c), any debt or obligation of*  
26 *a district shall be subordinate to an enforceable obligation of a*  
27 *former redevelopment agency, as defined in Section 34171 of the*  
28 *Health and Safety Code. For the purposes of this chapter, the*  
29 *division of taxes allocated to the district pursuant to subdivision*  
30 *(b) of Section 53396 shall not include any taxes required to be*  
31 *deposited by the county auditor-controller into the Redevelopment*  
32 *Property Tax Trust Fund created pursuant to subdivision (b) of*  
33 *Section 34170.5 of the Health and Safety Code.*

34     (e) *The legislative body of the city forming the district may*  
35 *choose to dedicate any portion of its net available revenue to the*  
36 *district through the financing plan described in Section 53395.14.*

37     (f) *For the purposes of this section, "net available revenue"*  
38 *means periodic distributions to the city from the Redevelopment*

1 *Property Tax Trust Fund, created pursuant to Section 34170.5 of*  
2 *the Health and Safety Code, that are available to the city after all*  
3 *preexisting legal commitments and statutory obligations funded*  
4 *from that revenue are made pursuant to Part 1.85 (commencing*  
5 *with Section 34170) of Division 24 of the Health and Safety Code.*  
6 *Net available revenue shall not include any funds deposited by the*  
7 *county auditor-controller into the Redevelopment Property Tax*  
8 *Trust Fund or funds remaining in the Redevelopment Property*  
9 *Tax Trust Fund prior to distribution. Net available revenues shall*  
10 *not include any moneys payable to a school district that maintains*  
11 *kindergarten and grades 1 to 12, inclusive, community college*  
12 *districts, or to the Educational Revenue Augmentation Fund,*  
13 *pursuant to paragraph (4) of subdivision (a) of Section 34183 of*  
14 *the Health and Safety Code.*

15 *SEC. 2. Section 34163 of the Health and Safety Code is*  
16 *amended to read:*

17 34163. Notwithstanding Part 1 (commencing with Section  
18 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
19 (commencing with Section 34050), and Part 1.7 (commencing  
20 with Section 34100), or any other law, commencing on the effective  
21 date of this part, an agency shall not have the authority to, and  
22 shall not, do any of the following:

23 (a) Make loans or advances or grant or enter into agreements  
24 to provide funds or provide financial assistance of any sort to any  
25 entity or person for any purpose, including, but not limited to, all  
26 of the following:

27 (1) Loans of moneys or any other thing of value or commitments  
28 to provide financing to nonprofit organizations to provide those  
29 organizations with financing for the acquisition, construction,  
30 rehabilitation, refinancing, or development of multifamily rental  
31 housing or the acquisition of commercial property for lease, each  
32 pursuant to Chapter 7.5 (commencing with Section 33741) of Part  
33 1.

34 (2) Loans of moneys or any other thing of value for residential  
35 construction, improvement, or rehabilitation pursuant to Chapter  
36 8 (commencing with Section 33750) of Part 1. These include, but  
37 are not limited to, construction loans to purchasers of residential  
38 housing, mortgage loans to purchasers of residential housing, and  
39 loans to mortgage lenders, or any other entity, to aid in financing  
40 pursuant to Chapter 8 (commencing with Section 33750).

1 (3) The purchase, by an agency, of mortgage or construction  
2 loans from mortgage lenders or from any other entities.

3 (b) ~~Enter~~ *Except as provided in subdivision (d) of Section*  
4 *34191.4, enter* into contracts with, incur obligations, or make  
5 commitments to, any entity, whether governmental, tribal, or  
6 private, or any individual or groups of individuals for any purpose,  
7 including, but not limited to, loan agreements, passthrough  
8 agreements, regulatory agreements, services contracts, leases,  
9 disposition and development agreements, joint exercise of powers  
10 agreements, contracts for the purchase of capital equipment,  
11 agreements for redevelopment activities, including, but not limited  
12 to, agreements for planning, design, redesign, development,  
13 demolition, alteration, construction, reconstruction, rehabilitation,  
14 site remediation, site development or improvement, removal of  
15 graffiti, land clearance, and seismic retrofits.

16 (c) Amend or modify existing agreements, obligations, or  
17 commitments with any entity, for any purpose, including, but not  
18 limited to, any of the following:

19 (1) Renewing or extending term of leases or other agreements,  
20 except that the agency may extend lease space for its own use to  
21 a date not to exceed six months after the effective date of the act  
22 adding this part and for a rate no more than 5 percent above the  
23 rate the agency currently pays on a monthly basis.

24 (2) Modifying terms and conditions of existing agreements,  
25 obligations, or commitments.

26 (3) Forgiving all or any part of the balance owed to the agency  
27 on existing loans or extend the term or change the terms and  
28 conditions of existing loans.

29 (4) Making any future deposits to the Low and Moderate Income  
30 Housing Fund created pursuant to Section 33334.3.

31 (5) Transferring funds out of the Low and Moderate Income  
32 Housing Fund, except to meet the minimum housing-related  
33 obligations that existed as of January 1, 2011, to make required  
34 payments under Sections 33690 and 33690.5, and to borrow funds  
35 pursuant to Section 34168.5.

36 (d) Dispose of assets by sale, long-term lease, gift, grant,  
37 exchange, transfer, assignment, or otherwise, for any purpose,  
38 including, but not limited to, any of the following:

39 (1) Assets, including, but not limited to, real property, deeds of  
40 trust, and mortgages held by the agency, moneys, accounts

1 receivable, contract rights, proceeds of insurance claims, grant  
2 proceeds, settlement payments, rights to receive rents, and any  
3 other rights to payment of whatever kind.

4 (2) Real property, including, but not limited to, land, land under  
5 water and waterfront property, buildings, structures, fixtures, and  
6 improvements on the land, any property appurtenant to, or used  
7 in connection with, the land, every estate, interest, privilege,  
8 easement, franchise, and right in land, including rights-of-way,  
9 terms for years, and liens, charges, or encumbrances by way of  
10 judgment, mortgage, or otherwise, and the indebtedness secured  
11 by the liens.

12 (e) Acquire real property by any means for any purpose,  
13 including, but not limited to, the purchase, lease, or exercising of  
14 an option to purchase or lease, exchange, subdivide, transfer,  
15 assume, obtain option upon, acquire by gift, grant, bequest, devise,  
16 or otherwise acquire any real property, any interest in real property,  
17 and any improvements on it, including the repurchase of developed  
18 property previously owned by the agency and the acquisition of  
19 real property by eminent domain; provided, however, that nothing  
20 in this subdivision is intended to prohibit the acceptance or transfer  
21 of title for real property acquired prior to the effective date of this  
22 part.

23 (f) Transfer, assign, vest, or delegate any of its assets, funds,  
24 rights, powers, ownership interests, or obligations for any purpose  
25 to any entity, including, but not limited to, the community, the  
26 legislative body, another member of a joint powers authority, a  
27 trustee, a receiver, a partner entity, another agency, a nonprofit  
28 corporation, a contractual counterparty, a public body, a  
29 limited-equity housing cooperative, the state, a political subdivision  
30 of the state, the federal government, any private entity, or an  
31 individual or group of individuals.

32 (g) Accept financial or other assistance from the state or federal  
33 government or any public or private source if the acceptance  
34 necessitates or is conditioned upon the agency incurring  
35 indebtedness as that term is described in this part.

36 *SEC. 3. Section 34171 of the Health and Safety Code is*  
37 *amended to read:*

38 34171. The following terms shall have the following meanings:

39 (a) “Administrative budget” means the budget for administrative  
40 costs of the successor agencies as provided in Section 34177.



(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012, and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000), unless the oversight board reduces this amount, for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax. Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.

(c) “Designated local authority” shall mean a public entity formed pursuant to subdivision (d) of Section 34173.

(d) (1) “Enforceable obligation” means any of the following:

(A) Bonds, as defined by Section 33602 and bonds issued pursuant to Chapter 10.5 (commencing with Section 5850) of Division 6 of Title 1 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency. A reserve may be held when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

(B) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

1 (C) Payments required by the federal government, preexisting  
2 obligations to the state or obligations imposed by state law, other  
3 than passthrough payments that are made by the county  
4 auditor-controller pursuant to Section 34183, or legally enforceable  
5 payments required in connection with the agencies' employees,  
6 including, but not limited to, pension payments, pension obligation  
7 debt service, unemployment payments, or other obligations  
8 conferred through a collective bargaining agreement. Costs incurred  
9 to fulfill collective bargaining agreements for layoffs or  
10 terminations of city employees who performed work directly on  
11 behalf of the former redevelopment agency shall be considered  
12 enforceable obligations payable from property tax funds. The  
13 obligations to employees specified in this subparagraph shall  
14 remain enforceable obligations payable from property tax funds  
15 for any employee to whom those obligations apply if that employee  
16 is transferred to the entity assuming the housing functions of the  
17 former redevelopment agency pursuant to Section 34176. The  
18 successor agency or designated local authority shall enter into an  
19 agreement with the housing entity to reimburse it for any costs of  
20 the employee obligations.

21 (D) Judgments or settlements entered by a competent court of  
22 law or binding arbitration decisions against the former  
23 redevelopment agency, other than passthrough payments that are  
24 made by the county auditor-controller pursuant to Section 34183.  
25 Along with the successor agency, the oversight board shall have  
26 the authority and standing to appeal any judgment or to set aside  
27 any settlement or arbitration decision.

28 (E) Any legally binding and enforceable agreement or contract  
29 that is not otherwise void as violating the debt limit or public  
30 policy. However, nothing in this act shall prohibit either the  
31 successor agency, with the approval or at the direction of the  
32 oversight board, or the oversight board itself from terminating any  
33 existing agreements or contracts and providing any necessary and  
34 required compensation or remediation for such termination. Titles  
35 of or headings used on or in a document shall not be relevant in  
36 determining the existence of an enforceable obligation.

37 (F) Contracts or agreements necessary for the administration or  
38 operation of the successor agency, in accordance with this part,  
39 including, but not limited to, agreements concerning litigation  
40 expenses related to assets or obligations, settlements and

judgements *judgments*, and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134.

(G) Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner consistent with the affordable housing requirements of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(2) For purposes of this part, “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations.

(3) Contracts or agreements between the former redevelopment agency and other public agencies, to perform services or provide funding for governmental or private services or capital projects outside of redevelopment project areas that do not provide benefit to the redevelopment project and thus were not properly authorized under Part 1 (commencing with Section 33000) shall be deemed void on the effective date of this part; provided, however, that such contracts or agreements for the provision of housing properly authorized under Part 1 (commencing with Section 33000) shall not be deemed void.

(e) “Indebtedness obligations” means bonds, notes, certificates of participation, or other evidence of indebtedness, issued or

1 delivered by the redevelopment agency, or by a joint exercise of  
2 powers authority created by the redevelopment agency, to  
3 third-party investors or bondholders to finance or refinance  
4 redevelopment projects undertaken by the redevelopment agency  
5 in compliance with the Community Redevelopment Law (Part 1  
6 (commencing with Section 33000)).

7 (f) “Oversight board” shall mean each entity established pursuant  
8 to Section 34179.

9 (g) “Recognized obligation” means an obligation listed in the  
10 Recognized Obligation Payment Schedule.

11 (h) “Recognized Obligation Payment Schedule” means the  
12 document setting forth the minimum payment amounts and due  
13 dates of payments required by enforceable obligations for each  
14 six-month fiscal period as provided in subdivision (m) of Section  
15 34177.

16 (i) “School entity” means any entity defined as such in  
17 subdivision (f) of Section 95 of the Revenue and Taxation Code.

18 (j) “Successor agency” means the successor entity to the former  
19 redevelopment agency as described in Section 34173.

20 (k) “Taxing entities” means cities, counties, a city and county,  
21 special districts, and school entities, as defined in subdivision (f)  
22 of Section 95 of the Revenue and Taxation Code, that receive  
23 passthrough payments and distributions of property taxes pursuant  
24 to the provisions of this part.

25 (l) “Property taxes” include all property tax revenues, including  
26 those from unitary and supplemental and roll corrections applicable  
27 to tax increment.

28 (m) “Department” means the Department of Finance unless the  
29 context clearly refers to another state agency.

30 (n) “Sponsoring entity” means the city, county, or city and  
31 county, or other entity that authorized the creation of each  
32 redevelopment agency.

33 (o) “Final judicial determination” means a final judicial  
34 determination made by any state court that is not appealed, or by  
35 a court of appellate jurisdiction that is not further appealed, in an  
36 action by any party.

37 (p) *From January 2, 2014, to June 1, 2018, inclusive, “housing*  
38 *entity administrative cost allowance” means an amount of up to*  
39 *1 percent of the property tax allocated to the Redevelopment*  
40 *Obligation Retirement Fund on behalf of the successor agency for*

1 *each applicable fiscal year, but not less than one hundred fifty*  
2 *thousand dollars (\$150,000) per fiscal year.*

3 *(1) The housing entity administrative cost allowance shall be*  
4 *listed by the successor agency on the Recognized Obligation*  
5 *Payment Schedule. Upon approval of the Recognized Obligation*  
6 *Payment Schedule by the oversight board and the department, the*  
7 *housing entity administrative cost allowance shall be remitted by*  
8 *the county auditor-controller on each January 2 and June 1 to the*  
9 *local housing authority that assumed the housing functions of the*  
10 *former redevelopment agency pursuant to paragraph (2) or (3) of*  
11 *subdivision (b) of Section 34176. To assist the county*  
12 *auditor-controller in this duty, the successor agency shall notify*  
13 *the county auditor-controller by March 1, 2014, of the identity of*  
14 *the entity that has assumed the housing functions of the former*  
15 *redevelopment agency.*

16 *(2) If there are insufficient moneys in the Redevelopment*  
17 *Obligations Retirement Fund in a given fiscal year to make the*  
18 *payment authorized by this subdivision, the unfunded amount may*  
19 *be listed on each subsequent Recognized Obligation Payment*  
20 *Schedule until it has been paid in full. In these cases the five-year*  
21 *time limit on the payments shall not apply.*

22 *SEC. 4. Section 34177 of the Health and Safety Code is*  
23 *amended to read:*

24 *34177. Successor agencies are required to do all of the*  
25 *following:*

26 *(a) Continue to make payments due for enforceable obligations.*

27 *(1) On and after February 1, 2012, and until a Recognized*  
28 *Obligation Payment Schedule becomes operative, only payments*  
29 *required pursuant to an enforceable obligations payment schedule*  
30 *shall be made. The initial enforceable obligation payment schedule*  
31 *shall be the last schedule adopted by the redevelopment agency*  
32 *under Section 34169. However, payments associated with*  
33 *obligations excluded from the definition of enforceable obligations*  
34 *by paragraph (2) of subdivision (d) of Section 34171 shall be*  
35 *excluded from the enforceable obligations payment schedule and*  
36 *be removed from the last schedule adopted by the redevelopment*  
37 *agency under Section 34169 prior to the successor agency adopting*  
38 *it as its enforceable obligations payment schedule pursuant to this*  
39 *subdivision. The enforceable obligation payment schedule may*  
40 *be amended by the successor agency at any public meeting and*

1 shall be subject to the approval of the oversight board as soon as  
2 the board has sufficient members to form a quorum. In recognition  
3 of the fact that the timing of the California Supreme Court's ruling  
4 in the case California Redevelopment Association v. Matosantos  
5 (2011) 53 Cal.4th 231 delayed the preparation by successor  
6 agencies and the approval by oversight boards of the January 1,  
7 2012, through June 30, 2012, Recognized Obligation Payment  
8 Schedule, a successor agency may amend the Enforceable  
9 Obligation Payment Schedule to authorize the continued payment  
10 of enforceable obligations until the time that the January 1, 2012,  
11 through June 30, 2012, Recognized Obligation Payment Schedule  
12 has been approved by the oversight board and by the Department  
13 of Finance. *The successor agency may utilize reasonable estimates*  
14 *and projections to support payment amounts for enforceable*  
15 *obligations if the successor agency submits appropriate supporting*  
16 *documentation of the basis for the estimate or projection to the*  
17 *Department of Finance.*

18 (2) The Department of Finance and the Controller shall each  
19 have the authority to require any documents associated with the  
20 enforceable obligations to be provided to them in a manner of their  
21 choosing. Any taxing entity, the department, and the Controller  
22 shall each have standing to file a judicial action to prevent a  
23 violation under this part and to obtain injunctive or other  
24 appropriate relief.

25 (3) Commencing on the date the Recognized Obligation Payment  
26 Schedule is valid pursuant to subdivision (1), only those payments  
27 listed in the Recognized Obligation Payment Schedule may be  
28 made by the successor agency from the funds specified in the  
29 Recognized Obligation Payment Schedule. In addition, after it  
30 becomes valid, the Recognized Obligation Payment Schedule shall  
31 supersede the Statement of Indebtedness, which shall no longer  
32 be prepared nor have any effect under the Community  
33 Redevelopment Law (Part 1 (commencing with Section 33000)).

34 (4) Nothing in the act adding this part is to be construed as  
35 preventing a successor agency, with the prior approval of the  
36 oversight board, as described in Section 34179, from making  
37 payments for enforceable obligations from sources other than those  
38 listed in the Recognized Obligation Payment Schedule.

39 (5) From February 1, 2012, to July 1, 2012, a successor agency  
40 shall have no authority and is hereby prohibited from accelerating

1 payment or making any lump-sum payments that are intended to  
2 prepay loans unless such accelerated repayments were required  
3 prior to the effective date of this part.

4 (b) Maintain reserves in the amount required by indentures,  
5 trust indentures, or similar documents governing the issuance of  
6 outstanding redevelopment agency bonds.

7 (c) Perform obligations required pursuant to any enforceable  
8 obligation.

9 (d) Remit unencumbered balances of redevelopment agency  
10 funds to the county auditor-controller for distribution to the taxing  
11 entities, including, but not limited to, the unencumbered balance  
12 of the Low and Moderate Income Housing Fund of a former  
13 redevelopment agency. In making the distribution, the county  
14 auditor-controller shall utilize the same methodology for allocation  
15 and distribution of property tax revenues provided in Section  
16 34188.

17 (e) Dispose of assets and properties of the former redevelopment  
18 agency as directed by the oversight board; provided, however, that  
19 the oversight board may instead direct the successor agency to  
20 transfer ownership of certain assets pursuant to subdivision (a) of  
21 Section 34181. The disposal is to be done expeditiously and in a  
22 manner aimed at maximizing value. Proceeds from asset sales and  
23 related funds that are no longer needed for approved development  
24 projects or to otherwise wind down the affairs of the agency, each  
25 as determined by the oversight board, shall be transferred to the  
26 county auditor-controller for distribution as property tax proceeds  
27 under Section 34188. The requirements of this subdivision shall  
28 not apply to a successor agency that has been issued a finding of  
29 completion by the Department of Finance pursuant to Section  
30 34179.7.

31 (f) Enforce all former redevelopment agency rights for the  
32 benefit of the taxing entities, including, but not limited to,  
33 continuing to collect loans, rents, and other revenues that were due  
34 to the redevelopment agency.

35 (g) Effectuate transfer of housing functions and assets to the  
36 appropriate entity designated pursuant to Section 34176.

37 (h) Expeditiously wind down the affairs of the redevelopment  
38 agency pursuant to the provisions of this part and in accordance  
39 with the direction of the oversight board.

1 (i) Continue to oversee development of properties until the  
2 contracted work has been completed or the contractual obligations  
3 of the former redevelopment agency can be transferred to other  
4 parties. Bond proceeds shall be used for the purposes for which  
5 bonds were sold unless the purposes can no longer be achieved,  
6 in which case, the proceeds may be used to defease the bonds.

7 (j) Prepare a proposed administrative budget and submit it to  
8 the oversight board for its approval. The proposed administrative  
9 budget shall include all of the following:

10 (1) Estimated amounts for successor agency administrative costs  
11 for the upcoming six-month fiscal period.

12 (2) Proposed sources of payment for the costs identified in  
13 paragraph (1).

14 (3) Proposals for arrangements for administrative and operations  
15 services provided by a city, county, city and county, or other entity.

16 (k) Provide administrative cost estimates, from its approved  
17 administrative budget that are to be paid from property tax revenues  
18 deposited in the Redevelopment Property Tax Trust Fund, to the  
19 county auditor-controller for each six-month fiscal period.

20 (l) (1) Before each six-month fiscal period, prepare a  
21 Recognized Obligation Payment Schedule in accordance with the  
22 requirements of this paragraph. For each recognized obligation,  
23 the Recognized Obligation Payment Schedule shall identify one  
24 or more of the following sources of payment:

25 (A) Low and Moderate Income Housing Fund.

26 (B) Bond proceeds.

27 (C) Reserve balances.

28 (D) Administrative cost allowance.

29 (E) The Redevelopment Property Tax Trust Fund, but only to  
30 the extent no other funding source is available or when payment  
31 from property tax revenues is required by an enforceable obligation  
32 or by the provisions of this part.

33 (F) Other revenue sources, including rents, concessions, asset  
34 sale proceeds, interest earnings, and any other revenues derived  
35 from the former redevelopment agency, as approved by the  
36 oversight board in accordance with this part.

37 (2) A Recognized Obligation Payment Schedule shall not be  
38 deemed valid unless all of the following conditions have been met:

39 (A) A Recognized Obligation Payment Schedule is prepared  
40 by the successor agency for the enforceable obligations of the



1 former redevelopment agency. The initial schedule shall project  
2 the dates and amounts of scheduled payments for each enforceable  
3 obligation for the remainder of the time period during which the  
4 redevelopment agency would have been authorized to obligate  
5 property tax increment had the a redevelopment agency not been  
6 dissolved.

7 (B) The Recognized Obligation Payment Schedule is submitted  
8 to and duly approved by the oversight board. The successor agency  
9 shall submit a copy of the Recognized Obligation Payment  
10 Schedule to the county administrative officer, the county  
11 auditor-controller, and the Department of Finance at the same time  
12 that the successor agency submits the Recognized Obligation  
13 Payment Schedule to the oversight board for approval.

14 (C) A copy of the approved Recognized Obligation Payment  
15 Schedule is submitted to the county auditor-controller~~and both~~,  
16 the Controller's office, and the Department of Finance, and~~be is~~  
17 posted on the successor agency's Internet Web site.

18 (3) The Recognized Obligation Payment Schedule shall be  
19 forward looking to the next six months. The first Recognized  
20 Obligation Payment Schedule shall be submitted to the Controller's  
21 office and the Department of Finance by April 15, 2012, for the  
22 period of January 1, 2012, to June 30, 2012, inclusive. This  
23 Recognized Obligation Payment Schedule shall include all  
24 payments made by the former redevelopment agency between  
25 January 1, 2012, through January 31, 2012, and shall include all  
26 payments proposed to be made by the successor agency from  
27 February 1, 2012, through June 30, 2012. Former redevelopment  
28 agency enforceable obligation payments due, and reasonable or  
29 necessary administrative costs due or incurred, prior to January 1,  
30 2012, shall be made from property tax revenues received in the  
31 spring of 2011 property tax distribution, and from other revenues  
32 and balances transferred to the successor agency.

33 (m) The Recognized Obligation Payment Schedule for the period  
34 of January 1, 2013, to June 30, 2013, shall be submitted by the  
35 successor agency, after approval by the oversight board, no later  
36 than September 1, 2012. Commencing with the Recognized  
37 Obligation Payment Schedule covering the period July 1, 2013,  
38 through December 31, 2013, successor agencies shall submit an  
39 oversight board-approved Recognized Obligation Payment  
40 Schedule to the Department of Finance and to the county

1 auditor-controller no fewer than 90 days before the date of property  
2 tax distribution. The Department of Finance shall make its  
3 determination of the enforceable obligations and the amounts and  
4 funding sources of the enforceable obligations no later than 45  
5 days after the Recognized Obligation Payment Schedule is  
6 submitted. Within five business days of the department's  
7 determination, a successor agency may request additional review  
8 by the department and an opportunity to meet and confer on  
9 disputed items. The meet and confer period may vary; an untimely  
10 submittal of a Recognized Obligation Payment Schedule may result  
11 in a meet and confer period of less than 30 days. The department  
12 shall notify the successor agency and the county auditor-controllers  
13 as to the outcome of its review at least 15 days before the date of  
14 property tax distribution.

15 (1) The successor agency shall submit a copy of the Recognized  
16 Obligation Payment Schedule to the Department of Finance  
17 electronically, and the successor agency shall complete the  
18 Recognized Obligation Payment Schedule in the manner provided  
19 for by the department. A successor agency shall be in  
20 noncompliance with this paragraph if it only submits to the  
21 department an electronic message or a letter stating that the  
22 oversight board has approved a Recognized Obligation Payment  
23 Schedule.

24 (2) If a successor agency does not submit a Recognized  
25 Obligation Payment Schedule by the deadlines provided in this  
26 subdivision, the city, county, or city and county that created the  
27 redevelopment agency shall be subject to a civil penalty equal to  
28 ten thousand dollars (\$10,000) per day for every day the schedule  
29 is not submitted to the department. The civil penalty shall be paid  
30 to the county auditor-controller for allocation to the taxing entities  
31 under Section 34183. If a successor agency fails to submit a  
32 Recognized Obligation Payment Schedule by the deadline, any  
33 creditor of the successor agency or the Department of Finance or  
34 any affected taxing entity shall have standing to and may request  
35 a writ of mandate to require the successor agency to immediately  
36 perform this duty. Those actions may be filed only in the County  
37 of Sacramento and shall have priority over other civil matters.  
38 Additionally, if an agency does not submit a Recognized Obligation  
39 Payment Schedule within ten days of the deadline, the maximum

1 administrative cost allowance for that period shall be reduced by  
2 25 percent.

3 (3) If a successor agency fails to submit to the department an  
4 oversight board-approved Recognized Obligation Payment  
5 Schedule that complies with all requirements of this subdivision  
6 within five business days of the date upon which the Recognized  
7 Obligation Payment Schedule is to be used to determine the amount  
8 of property tax allocations, the department may determine if any  
9 amount should be withheld by the county auditor-controller for  
10 payments for enforceable obligations from distribution to taxing  
11 entities, pending approval of a Recognized Obligation Payment  
12 Schedule. The county auditor-controller shall distribute the portion  
13 of any of the sums withheld pursuant to this paragraph to the  
14 affected taxing entities in accordance with paragraph (4) of  
15 subdivision (a) of Section 34183 upon notice by the department  
16 that a portion of the withheld balances are in excess of the amount  
17 of enforceable obligations. The county auditor-controller shall  
18 distribute withheld funds to the successor agency only in  
19 accordance with a Recognized Obligation Payment Schedule  
20 approved by the department. County auditor-controllers shall lack  
21 the authority to withhold any other amounts from the allocations  
22 provided for under Section 34183 or 34188 unless required by a  
23 court order.

24 (4) (A) *The Recognized Obligation Payment Schedule payments*  
25 *required pursuant to this subdivision may be scheduled beyond*  
26 *the existing Recognized Obligation Payment Schedule cycle upon*  
27 *a showing that a lender requires cash on hand beyond the*  
28 *Recognized Obligation Payment Schedule cycle.*

29 (B) *When a payment is shown to be due during the Recognized*  
30 *Obligation Payment Schedule period, but an invoice or other*  
31 *billing document has not yet been received, the successor agency*  
32 *may utilize reasonable estimates and projections to support*  
33 *payment amounts for enforceable obligations if the successor*  
34 *agency submits appropriate supporting documentation of the basis*  
35 *for the estimate or projection to the department.*

36 (C) *A Recognized Obligation Payment Schedule may also*  
37 *include appropriation of moneys from bonds subject to passage*  
38 *during the Recognized Obligation Payment Schedule cycle when*  
39 *an enforceable obligation requires the agency to issue the bonds*  
40 *and use the proceeds to pay for project expenditures.*

(n) Cause a postaudit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant.

*SEC. 5. Section 34180 of the Health and Safety Code is amended to read:*

34180. (a) All of the following successor agency actions shall first be approved by the oversight board:

~~(a)~~

(1) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1).

~~(b)~~

(2) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment prior to the effective date of this part) pursuant to subdivision (a) of Section 34177.5.

~~(c)~~

(3) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

~~(d)~~

(4) Merging of project areas.

~~(e)~~

(5) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, if that assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

~~(f) (1)~~

(6) (A) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

1     ~~(2)~~

2     (B) If no other agreement is reached on valuation of the retained  
3 assets, the value will be the fair market value as of the 2011  
4 property tax lien date as determined by an independent appraiser  
5 approved by the oversight board.

6     ~~(g)~~

7     (7) Establishment of the Recognized Obligation Payment  
8 Schedule.

9     ~~(h)~~

10    (8) A request by the successor agency to enter into an agreement  
11 with the city, county, or city and county that formed the  
12 redevelopment agency that it is succeeding. An oversight board  
13 shall not have the authority to reestablish loan agreements between  
14 the successor agency and the city, county, or city and county that  
15 formed the redevelopment agency except as provided in Chapter  
16 9 (commencing with Section 34191.1). Any actions to reestablish  
17 any other agreements that are in furtherance of enforceable  
18 obligations, with the city, county, or city and county that formed  
19 the redevelopment agency are invalid until they are included in an  
20 approved and valid Recognized Obligation Payment Schedule.

21    ~~(i)~~

22    (9) A request by a successor agency or taxing entity to pledge,  
23 or to enter into an agreement for the pledge of, property tax  
24 revenues pursuant to subdivision (b) of Section 34178.

25    ***(b) A successor agency shall provide notice to the oversight***  
26 ***board at least 10 days prior to entering into a contract or***  
27 ***agreement for the use or disposition of properties pursuant to***  
28 ***paragraph (2) of subdivision (c) of Section 34191.5. During the***  
29 ***10-day period the oversight board may notify the successor agency***  
30 ***that the board intends to conduct a hearing to determine whether***  
31 ***the contract or agreement is consistent with the successor agency's***  
32 ***long-range property management plan. The board shall hold the***  
33 ***hearing and issue findings within 30 days after it so notified the***  
34 ***successor agency.***

35    ~~(j)~~

36    (c) Any document submitted by a successor agency to an  
37 oversight board for approval by any provision of this part shall  
38 also be submitted to the county administrative officer, the county  
39 auditor-controller, and the Department of Finance at the same time

1 that the successor agency submits the document to the oversight  
2 board.

3 *SEC. 6. Section 34183 of the Health and Safety Code is*  
4 *amended to read:*

5 34183. (a) Notwithstanding any other law, from February 1,  
6 2012, to July 1, 2012, and for each fiscal year thereafter, the county  
7 auditor-controller shall, after deducting administrative costs  
8 allowed under Section 34182 and Section 95.3 of the Revenue and  
9 Taxation Code, allocate moneys in each Redevelopment Property  
10 Tax Trust Fund as follows:

11 (1) Subject to any prior deductions required by subdivision (b),  
12 first, the county auditor-controller shall remit from the  
13 Redevelopment Property Tax Trust Fund to each local agency and  
14 school entity an amount of property tax revenues in an amount  
15 equal to that which would have been received under Section 33401,  
16 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections  
17 read on January 1, 2011, or pursuant to any passthrough agreement  
18 between a redevelopment agency and a taxing entity that was  
19 entered into prior to January 1, 1994, that would be in force during  
20 that fiscal year, had the redevelopment agency existed at that time.  
21 The amount of the payments made pursuant to this paragraph shall  
22 be calculated solely on the basis of passthrough payment  
23 obligations, existing prior to the effective date of this part and  
24 continuing as obligations of successor entities, shall occur no later  
25 than May 16, 2012, and no later than June 1, 2012, and each  
26 January 2 and June 1 thereafter. Notwithstanding subdivision (e)  
27 of Section 33670, that portion of the taxes in excess of the amount  
28 identified in subdivision (a) of Section 33670, which are  
29 attributable to a tax rate levied by a taxing entity for the purpose  
30 of producing revenues in an amount sufficient to make annual  
31 repayments of the principal of, and the interest on, any bonded  
32 indebtedness for the acquisition or improvement of real property  
33 shall be allocated to, and when collected shall be paid into, the  
34 fund of that taxing entity. The amount of passthrough payments  
35 computed pursuant to this section, including any passthrough  
36 agreements, shall be computed as though the requirement to set  
37 aside funds for the Low and Moderate Income Housing Fund was  
38 still in effect.

39 (2) Second, on June 1, 2012, and each January 2 and June 1  
40 thereafter, to each successor agency for payments listed in its

1 Recognized Obligation Payment Schedule for the six-month fiscal  
2 period beginning January 1, 2012, and July 1, 2012, and each  
3 January 2 and June 1 thereafter, in the following order of priority:

4 (A) Debt service payments scheduled to be made for tax  
5 allocation bonds.

6 (B) Payments scheduled to be made on revenue bonds, but only  
7 to the extent the revenues pledged for them are insufficient to make  
8 the payments and only if the agency's tax increment revenues were  
9 also pledged for the repayment of the bonds.

10 (C) Payments scheduled for other debts and obligations listed  
11 in the Recognized Obligation Payment Schedule that are required  
12 to be paid from former tax increment revenue.

13 (3) Third, on June 1, 2012, and each January 2 and June 1  
14 thereafter, to each successor agency for the administrative cost  
15 allowance, as defined in Section 34171, for administrative costs  
16 set forth in an approved administrative budget for those payments  
17 required to be paid from former tax increment revenues.

18 (4) *Fourth, on March 1, 2014, and each January 2 and June 1*  
19 *thereafter until June 1, 2018, for the housing entity administrative*  
20 *cost allowance payable to the local housing authority that has*  
21 *assumed the housing duties of the former redevelopment agency*  
22 *pursuant to paragraph (2) or (3) of subdivision (b) of Section*  
23 *34176.*

24 ~~(4) Fourth,~~

25 (5) *Fifth*, on June 1, 2012, and each January 2 and June 1  
26 thereafter, any moneys remaining in the Redevelopment Property  
27 Tax Trust Fund after the payments and transfers authorized by  
28 paragraphs (1) to ~~(3)~~ (4), inclusive, shall be distributed to local  
29 agencies and school entities in accordance with Section 34188.

30 (b) If the successor agency reports, no later than April 1, 2012,  
31 and May 1, 2012, and each December 1 and May 1 thereafter, to  
32 the county auditor-controller that the total amount available to the  
33 successor agency from the Redevelopment Property Tax Trust  
34 Fund allocation to that successor agency's Redevelopment  
35 Obligation Retirement Fund, from other funds transferred from  
36 each redevelopment agency, and from funds that have or will  
37 become available through asset sales and all redevelopment  
38 operations, are insufficient to fund the payments required by  
39 paragraphs (1) to ~~(3)~~ (4), inclusive, of subdivision (a) in the next  
40 six-month fiscal period, the county auditor-controller shall notify

1 the Controller and the Department of Finance no later than 10 days  
2 from the date of that notification. The county auditor-controller  
3 shall verify whether the successor agency will have sufficient funds  
4 from which to service debts according to the Recognized  
5 Obligation Payment Schedule and shall report the findings to the  
6 Controller. If the Controller concurs that there are insufficient  
7 funds to pay required debt service, the amount of the deficiency  
8 shall be deducted first from the amount remaining to be distributed  
9 to taxing entities pursuant to paragraph~~(4)~~ (5), and if that amount  
10 is exhausted, from amounts available for distribution for  
11 administrative costs in~~paragraph (3)~~ paragraphs (3) and (4), with  
12 those amounts in paragraph (3) to be exhausted first. If an agency,  
13 pursuant to the provisions of Section 33492.15, 33492.72, 33607.5,  
14 33671.5, 33681.15, or 33688 or as expressly provided in a  
15 passthrough agreement entered into pursuant to Section 33401,  
16 made passthrough payment obligations subordinate to debt service  
17 payments required for enforceable obligations, funds for servicing  
18 bond debt may be deducted from the amounts for passthrough  
19 payments under paragraph (1), as provided in those sections, but  
20 only to the extent that the amounts remaining to be distributed to  
21 taxing entities pursuant to paragraph~~(4)~~ (5) and the amounts  
22 available for distribution for administrative costs in~~paragraph (3)~~  
23 paragraphs (3) and (4) have all been exhausted.

24 (c) The county treasurer may loan any funds from the county  
25 treasury to the Redevelopment Property Tax Trust Fund of the  
26 successor agency for the purpose of paying an item approved on  
27 the Recognized Obligation Payment Schedule at the request of the  
28 Department of Finance that are necessary to ensure prompt  
29 payments of redevelopment agency debts. An enforceable  
30 obligation is created for repayment of those loans.

31 (d) The Controller may recover the costs of audit and oversight  
32 required under this part from the Redevelopment Property Tax  
33 Trust Fund by presenting an invoice therefor to the county  
34 auditor-controller who shall set aside sufficient funds for and  
35 disburse the claimed amounts prior to making the next distributions  
36 to the taxing entities pursuant to Section 34188. Subject to the  
37 approval of the Director of Finance, the budget of the Controller  
38 may be augmented to reflect the reimbursement, pursuant to  
39 Section 28.00 of the Budget Act.



(e) Within 10 days of each distribution of property tax, the county auditor-controller shall provide a report to the department regarding the distribution for each successor agency that includes information on the total available for allocation, the passthrough amounts and how they were calculated, the amounts distributed to successor agencies, and the amounts distributed to taxing entities in a manner and form specified by the department. This reporting requirement shall also apply to distributions required under subdivision (b) of Section 34183.5.

SEC. 7. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section ~~34191.7~~ 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created by the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized ~~obligations~~ obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph ~~(4)~~ (5) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year, *provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive.* Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual

1 obligations for those projects, or by expending funds to complete  
2 the projects. An expenditure made pursuant to this paragraph shall  
3 constitute the creation of excess bond proceeds obligations to be  
4 paid from the excess proceeds. Excess bond proceeds obligations  
5 shall be listed separately on the Recognized Obligation Payment  
6 Schedule submitted by the successor agency.

7 (B) If remaining bond proceeds cannot be spent in a manner  
8 consistent with the bond covenants pursuant to subparagraph (A),  
9 the proceeds shall be used to defease the bonds or to purchase  
10 those same outstanding bonds on the open market for cancellation.

11 *(d) The successor agency may amend an existing contract or*  
12 *agreement related to long-term enforceable obligations, or enter*  
13 *into a new contract or agreement in furtherance of any existing*  
14 *contract or agreement, for the purpose of administering projects*  
15 *in connection with long-term enforceable obligations, if the existing*  
16 *contract or agreement has been approved by the department as*  
17 *an enforceable obligation on a Recognized Obligation Payment*  
18 *Schedule pursuant to subdivision (m) of Section 34177, and the*  
19 *existing contract or agreement has received a final and conclusive*  
20 *determination pursuant to subdivision (i) of Section 34177.5.*  
21 *Additionally, any amendment of an existing contract or agreement,*  
22 *or any new contract or agreement entered into pursuant to this*  
23 *subdivision, shall not adversely affect the flow of property tax*  
24 *revenues or payments made pursuant to paragraph (4) of*  
25 *subdivision (a) of Section 34183 to the taxing entities, including*  
26 *the commitment of any new funding from any source beyond that*  
27 *which was previously authorized in an existing contract or*  
28 *agreement if that commitment would have an adverse effect on the*  
29 *flow of property tax revenues or payments made pursuant to*  
30 *paragraph (4) of subdivision (a).*

31 *SEC. 8. Section 34191.5 of the Health and Safety Code is*  
32 *amended to read:*

33 34191.5. (a) There is hereby established a Community  
34 Redevelopment Property Trust Fund, administered by the successor  
35 agency, to serve as the repository of the former redevelopment  
36 agency's real properties identified in subparagraph (C) of paragraph  
37 (5) of subdivision (c) of Section 34179.5.

38 (b) The successor agency shall prepare a long-range property  
39 management plan that addresses the disposition and use of the real  
40 properties of the former redevelopment agency. The report shall

1 be submitted to the oversight board and the Department of Finance  
2 for approval no later than six months following the issuance to the  
3 successor agency of the finding of completion.

4 (c) The long-range property management plan shall do all of  
5 the following:

6 (1) Include an inventory of all properties in the trust. The  
7 inventory shall consist of all of the following information:

8 (A) The date of the acquisition of the property and the value of  
9 the property at that time, and an estimate of the current value of  
10 the property.

11 (B) The purpose for which the property was acquired.

12 (C) Parcel data, including address, lot size, and current zoning  
13 in the former agency redevelopment plan or specific, community,  
14 or general plan.

15 (D) An estimate of the current value of the parcel including, if  
16 available, any appraisal information.

17 (E) An estimate of any lease, rental, or any other revenues  
18 generated by the property, and a description of the contractual  
19 requirements for the disposition of those funds.

20 (F) The history of environmental contamination, including  
21 designation as a brownfield site, any related environmental studies,  
22 and history of any remediation efforts.

23 (G) A description of the property's potential for transit-oriented  
24 development and the advancement of the planning objectives of  
25 the successor agency.

26 (H) A brief history of previous development proposals and  
27 activity, including the rental or lease of property.

28 (2) Address the use or disposition of all of the properties in the  
29 trust. Permissible uses include the retention of the property for  
30 governmental use pursuant to subdivision (a) of Section 34181,  
31 the retention of the property for future development, the sale of  
32 the property, or the use of the property to fulfill an enforceable  
33 obligation. The plan shall separately identify and list properties in  
34 the trust dedicated to governmental use purposes and properties  
35 retained for purposes of fulfilling an enforceable obligation. With  
36 respect to the use or disposition of all other properties, all of the  
37 following shall apply:

38 (A) (i) If the plan directs the use or liquidation of the property  
39 for a project identified in an approved redevelopment plan, the  
40 property shall transfer to the city, county, or city and county.

1     (ii) For purposes of this subparagraph, the term “identified in  
2     an approved redevelopment plan” includes properties listed in a  
3     community plan or a five-year implementation plan.

4     (B) If the plan directs the liquidation of the property or the use  
5     of revenues generated from the property, such as lease or parking  
6     revenues, for any purpose other than to fulfill an enforceable  
7     obligation or other than that specified in subparagraph (A), the  
8     proceeds from the sale shall be distributed as property tax to the  
9     taxing entities.

10    (C) Property shall not be transferred to a successor agency, city,  
11    county, or city and county, unless the long-range property  
12    management plan has been approved by the oversight board and  
13    the Department of Finance.

14    *SEC. 9. No reimbursement is required by this act pursuant to*  
15    *Section 6 of Article XIII B of the California Constitution because*  
16    *this act provides for offsetting savings to local agencies or school*  
17    *districts that result in no net costs to the local agencies or school*  
18    *districts, within the meaning of Section 17556 of the Government*  
19    *Code.*

20    *SEC. 10. This act is an urgency statute necessary for the*  
21    *immediate preservation of the public peace, health, or safety within*  
22    *the meaning of Article IV of the Constitution and shall go into*  
23    *immediate effect. The facts constituting the necessity are:*

24    *In order to facilitate the smooth and effective implementation*  
25    *and completion of the dissolution of redevelopment agencies, it is*  
26    *necessary that this act go into immediate effect.*

27    ~~SECTION 1. Section 14593 of the Welfare and Institutions~~  
28    ~~Code is amended to read:~~

29    ~~14593. (a) The department may enter into contracts with public~~  
30    ~~or private nonprofit organizations for implementation of the PACE~~  
31    ~~program, and also may enter into separate contracts with PACE~~  
32    ~~organizations, to fully implement the single state agency~~  
33    ~~responsibilities assumed by the department in those contracts,~~  
34    ~~Section 14132.94, and any other state requirement found necessary~~  
35    ~~by the department to provide comprehensive community-based,~~  
36    ~~risk-based, and capitated long-term care services to California’s~~  
37    ~~frail elderly.~~

38    ~~(b) The requirements of the PACE model, as provided for~~  
39    ~~pursuant to Section 1894 (42 U.S.C. Sec. 1395eee) and Section~~  
40    ~~1934 (42 U.S.C. Sec. 1396u-4) of the federal Social Security Act,~~

1 shall not be waived or modified. The requirements that shall not  
2 be waived or modified include all of the following:

3 (1) The focus on frail elderly qualifying individuals who require  
4 the level of care provided in a nursing facility.

5 (2) The delivery of comprehensive, integrated acute and  
6 long-term care services.

7 (3) The interdisciplinary team approach to care management  
8 and service delivery.

9 (4) Capitated, integrated financing that allows the provider to  
10 pool payments received from public and private programs and  
11 individuals.

12 (5) The assumption by the provider of full financial risk.

13 (6) The provision of a PACE benefit package for all participants,  
14 regardless of source of payment, that shall include all of the  
15 following:

16 (A) All Medicare-covered items and services.

17 (B) All Medicaid-covered items and services, as specified in  
18 the state's Medicaid plan.

19 (C) Other services determined necessary by the interdisciplinary  
20 team to improve and maintain the participant's overall health status.

21 (e) Sections 14002, 14005.12, 14005.17, and 14006 shall apply  
22 when determining the eligibility for Medi-Cal of a person receiving  
23 the services from an organization providing services under this  
24 chapter.

25 (d) Provisions governing the treatment of income and resources  
26 of a married couple, for the purposes of determining the eligibility  
27 of a nursing facility certifiable or institutionalized spouse, shall  
28 be established so as to qualify for federal financial participation.

29 (e) (1) The department shall establish capitation rates paid to  
30 each PACE organization at no less than 90 percent of the  
31 fee-for-service equivalent cost, including the department's cost of  
32 administration, that the department estimates would be payable  
33 for all services covered under the PACE organization contract if  
34 all those services were to be furnished to Medi-Cal beneficiaries  
35 under the fee-for-service Medi-Cal program provided for pursuant  
36 to Chapter 7 (commencing with Section 14000).

37 (2) This subdivision shall be implemented only to the extent  
38 that federal financial participation is available.

- 1     ~~(f) Contracts under this chapter may be on a nonbid basis and~~
- 2     ~~shall be exempt from Chapter 2 (commencing with Section 10290)~~
- 3     ~~of Part 2 of Division 2 of the Public Contract Code.~~

O